

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom DEGREE EXAMINATION MAY 2019
(Fourth Semester)

Branch- CORPORATE SECRETARYSHIP

CORPORATE ACCOUNTING-I

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10x2 = 20)

- 1 What do you understand by over subscription of shares?
- 2 What are own debentures?
- 3 How do you treat pre and post incorporation profit?
- 4 Define "dividend".
- 5 What is purchase consideration?
- 6 What is Internal Reconstruction?
- 7 What is Cost of Control?
- 8 Give three conditions which must be satisfied to become a holding company.
- 9 Define Liquidation.
- 10 Who is a Liquidator?

SECTION - B (25 Marks!)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5 x 5 = 25)

- 11 a Distinguish between debenture holders and shareholders.
OR
b C Ltd issued 1,000, 12% debentures of Rs. 100 each. Give journal entries under two situation :
(i) issue at par and redeemable at par.
(ii) Issued at discount of 10% and redeemable at a premium of 10%.

- 12 a From the following particulars, determine the maximum remuneration available to a full time director of a manufacturing company. The P/L a/c of the company showed a net profit of Rs. 40,00,000 after taking into account of the following items /

(i) Depreciation (including special dep. of Rs. 40,000)	Rs. 1,00,000
(ii) Provision for Income tax	2,00,000
(iii) Donation to political parties	50,000
(iv) Ex-gratia payment to a worker	10,000
(v) Capital profit on sale of assets	15,000

OR

- b A company was incorporated on 30-4-2007 to acquire a business of a private firm as from 1-1-2007. The company closes its account books on 31-12-2007. The sales for the month of August were 3 times of the average, it was twice for January and July, it was 1 % times for October to December and it was % of the average sales for November. Calculate the weighted sales ratio.

- 13 a The company 'B' takes over the business of Company 'A'. The value agreed for various assets is Goodwill - Rs. 22,000, Land and Building - Rs. 25,000, Plant and Machinery- Rs. 24,000, Stock - Rs. 13,000, Debtors - Rs. 8,000. 'B' company does not take over cash but agree to assume the liability of sundry creditors are Rs. 5,000. Calculate purchase consideration.

OR

- b Goodwill Co. Ltd took over the assets Rs. 1,75,000 and liabilities of Rs. 15,000 of Ram and Co. for the purchase consideration of Rs. 1,65,000. Goodwill Co. Ltd paid the purchase consideration by issuing debenture of Rs. 100 each at a premium of 10%. Give journal entries.

Cont...

Consolidate the following Balance Sheets :

Liabilities H (Rs.) S (Rs.)		Assets		H (Rs.) S (Rs.)	
Capital Re 1 shares 1,400	1,000	900 shares in S Ltd at cost	1,200		
Creditor	—	500 Sundry Assets		200	1,800
P/L a/c	<u>300</u>				
	<u>1,400</u>			<u>1,400</u>	<u>1,800</u>

When H Ltd, acquired the shares in S Ltd, the Profit and Loss a/c in the latter had a credit balance of Rs. 200.

OR

How do you calculate Minority Interest?

A firm earned net profit during the last three years as follows :

I year - Rs. 36,000; II year - Rs. 40,000; III year - Rs. 44,000. The capital investment of the firm is Rs. 1,00,000; A fair return on the capital, having regard to the risk involved is 10%. Calculate the value of goodwill on the basis of 3 years purchase of super profit.

OR

From the following particulars, compute value per equity share under Net assets method :

Total assets at market value Rs. 49,80,000
 Total outside liabilities — Rs. 19,00,000
 2,00,000 equity shares of Rs. 10 each - Rs. 20,00,000

SECTION - C (30 Marks)

Answer any **THREE** Questions

ALL Questions Carry **EQUAL** Marks (3 x 10 = 30)

The Balance, sheet of Exchange Ltd as on 31 -3-201.7 was as follows :

Liabilities	Rs. Assets	Rs.
Share capital :	Sundry Assets	9,20,000
50.000 Equity shares of Rs. 10 each, fully pai	5,00,000 Bank balance	6,00,000
4.000 Redeemable Pref. shares of		
Rs. 100 each, fully paid	4,00,000	
P/L a/c	5,20,000 .	
Sundry creditors	1,00,000	
	<u>15,20,000</u>	<u>15,20,000</u>

On the above data, the preference shares were redeemed at a premium of 10%. You are required to pass journal entries and give the balance sheet.

Prepare a Balance sheet as at 31-3-2016, from the following particulars of ABC Ltd:

	Rs.
Terms loan	10,00,000
Creditors	11.45.000
Advances	3.72.000
Cash, and Bank balances	2.75.000
Staff advances	55.000
Provision for tax	1.70.000
Securities premium	4.75.000
Loose tools	50.000
Investments	2.25.000
General reserve	20.50.000
Capital work in progress	2,00,000
Loss for the year	3.58.000
Sundry debtors	12.25.000
Loans from Directors	2,00,000
Provision for doubtful debts	20,200
Stock	4,00,000
Fixed assets (W.D.V)	51.50.000
Finished goods	7.50.000

18 Cont...

Additional information:

- (i) Share capital consists of :
 (a) 30,000 Equity shares fRs. 100 each fully paid up
 (b) 10,000 - 10% pref. shares of Rs. 100 each fully paid up
 (ii) Term loan is secured.
 (iii) Depreciation on assets Rs. 5,00,000.

18 The following is the Balance Sheet of 'W' and Company as on 1-3-2017.

Liabilities	Rs.	Assets	Rs.
1,00,000 equity shares of Rs. 10 each	10,00,000	Land	1,00,000
Sundry creditors	1,73,000	Plant	2,30,000
		Furniture	68,000
		Stock	1,50,000
		Debtors	70,000
		Cash at Bank	5,000
		P/L a/c	5,50,000
	11,73,000		11,73,000

Scheme of capital reduction was

- (i) The Equity shares to be reduced to Rs. 4 per share.
 (ii) Plant to be written down to Rs. 1,50,000.
 (iii) Stock to be revalued at Rs. 1,40,000.
 (iv) The provision on debtors for doubtful debts to be created Rs. 2,000.
 (v) Land to be revalued at Rs. 1,42,000.

Pass journal entries to give effect to the above agreement and also prepare reconstruction a/c.

19 The Balance sheet of C Ltd and D Ltd as at 31-12-2016 are s follows :

Liabilities	'C' Ltd (Rs.)	'D' Ltd (Rs.)	Assets	'C' Ltd (Rs.)	'D' Ltd (Rs.)
Share capital (in shares of Rs. 10 each)	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,000
General Reserve	18,000	20,000	Goodwill	-	20,000
P/L a/c	24,500	23,000	Shares in D Ltd at cost	1,40,000	-
Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In case of 'D' Ltd profit for the year ended 31-12-2016 is Rs. 12,000 and transfer to reserve is Rs. 5,000. The holding company of 'C' Ltd in 'D' Ltd is 90% acquired on 30-6-2016. Draft a consolidated balance sheet of 'C' Ltd and its subsidiary.

20 From the following information, compute Goodwill as per annuity method :

- (i) Average capital employed Rs. 14,00,000
 (ii) Normal rate of profit is 10%
 (iii) Profit for 1996 Rs. 1,62,000; 1997-Rs. 1,59,000 and 1998-Rs. 1,66,000.
 (iv) Profit for 1997 has been arrived after writing off abnormal loss of Rs. 12,000 and profit for 1998 includes a non-recurring income of Rs. 13,000.
 (v) Goodwill is to be calculated on the basis of annuity of 3 years purchase of super profit.

Z-Z-Z

END